



RESPONSIBLE
CHEMISTRY

Q3 & 9M FY24 Results Presentation

February 14, 2024

Rs. **2,023** crore

Total Income (in Q3 FY24)

Rs. **318** crore

EBITDA (in Q3 FY24)



DEEPAK
CARES

Contents

Company Overview

3

Q3 & 9M FY24 Performance Overview

6

Awards, Accolades & Project Updates

9

Q3 & 9M FY24 Financial & Segmental Highlights

11

CMD's Message

15

Outlook & Annexures

16



Deepak Nitrite Limited: A Leading Chemical Intermediates Producer



Company Overview

Deepak Nitrite (DNL) is one of the fastest growing and trusted chemical intermediates company in India with a diversified portfolio of products that caters to multiple industries with myriad applications. DNL is recognized globally as a **'Responsible Manufacturer'** and as a **'Supplier of Choice'** by marquee customers. Led by an able management team, DNL has leveraged process expertise, technological prowess and operational excellence to capitalise on opportunities for growth and deliver sustained value for stakeholders.

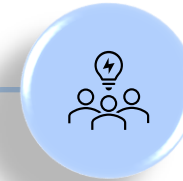
DEPEND ON DEEPAK

Deepak Nitrite Limited (DNL) has built a strong organisation with processes and systems that ensure seamless operations, as well as a focus on ethics and transparent practises, with a team of skilled and motivated people ready to step up and take charge, as well as deep capabilities to meet our customers' needs. More importantly, having long-lasting relationships at its core, founded on the principles of trust, faith, and values, ensures our long-term success and future value creation.

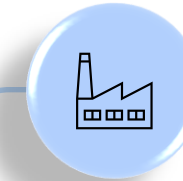
30+
Products

56+
Applications

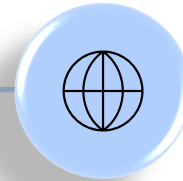
1,000+
Customers



Sustainable & versatile business model



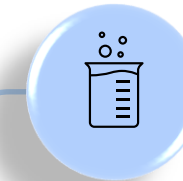
6 Modern Manufacturing Facilities



Products exported to 45+ Countries across 6 continents



Largest Producer of Phenol & Acetone since 2019 in India



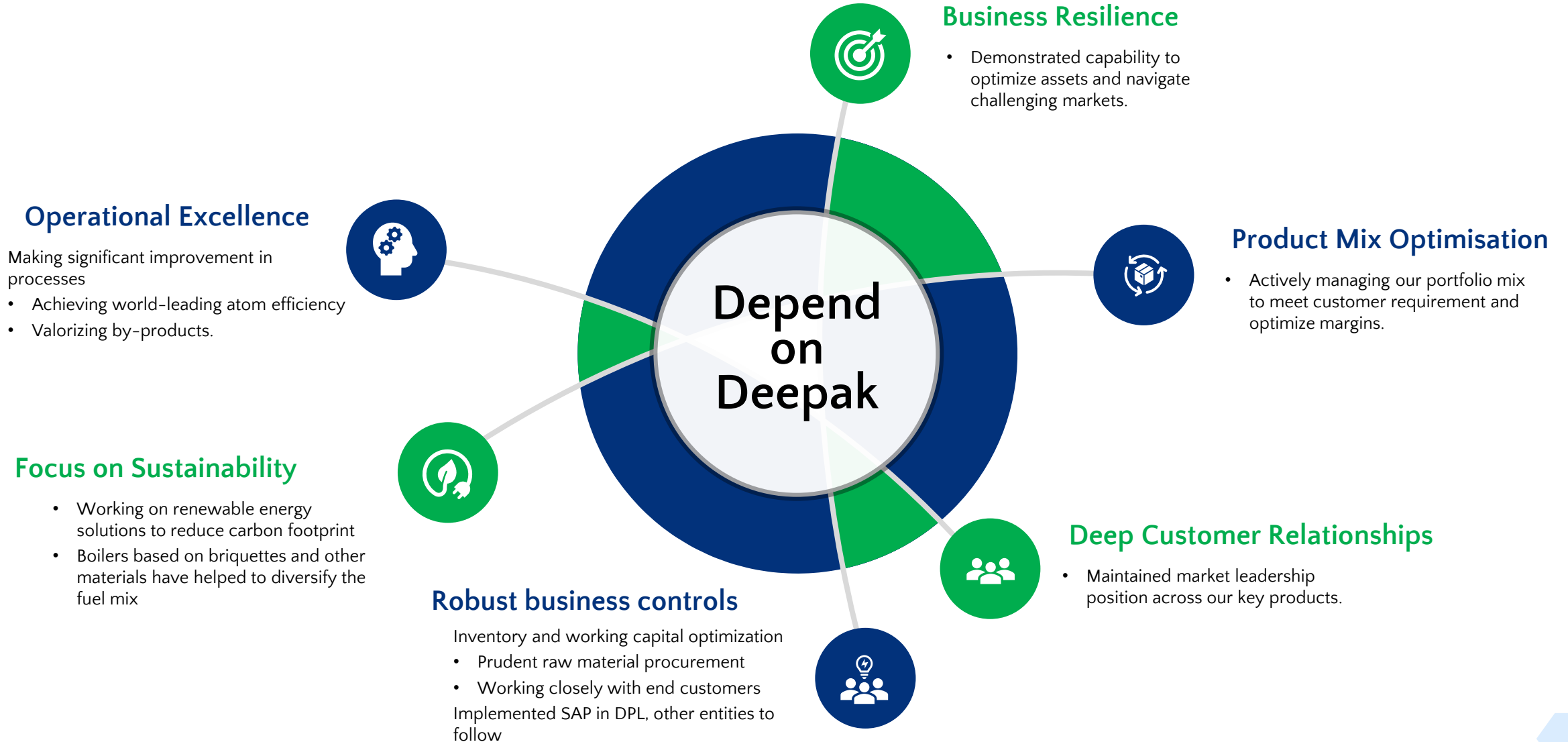
Robust R&D capabilities



Rich Legacy of over 5 Decades



Strategies for Thriving in a Demanding Business Landscape



Company overview: Exemplary track record



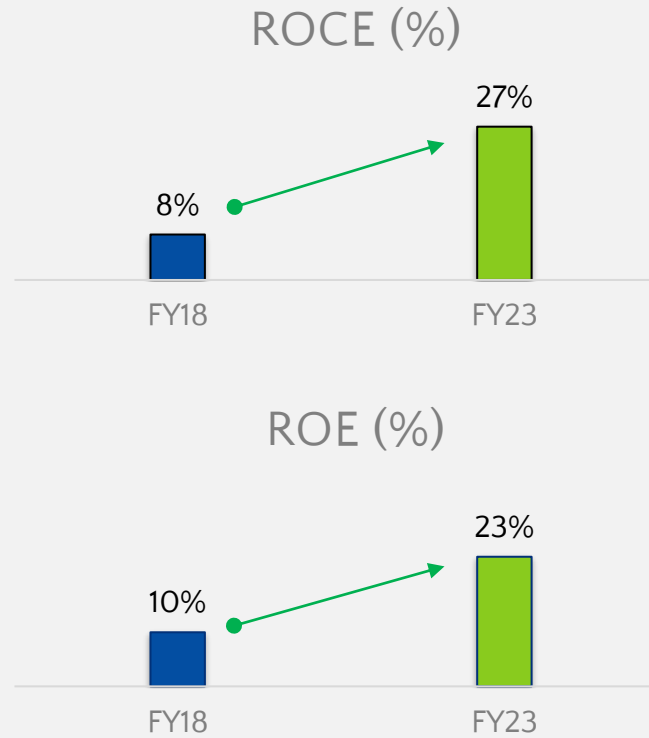
Seizing the opportunity

Delivered marked improvement across various parameters

	FY18		FY23
Revenue (₹ Cr)	1,689	5x	8,020
PAT (₹ Cr)	79	11x	852
Cash PAT (₹ Cr)	132	8x	1,018
Debt to equity ratio	1.07		Zero
Annual R&D exp. (₹ Cr)	8	2x	17

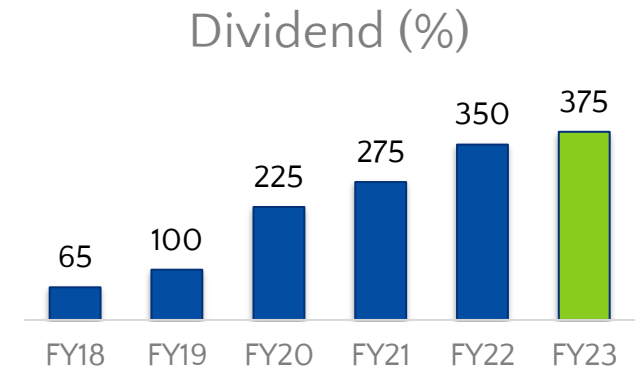
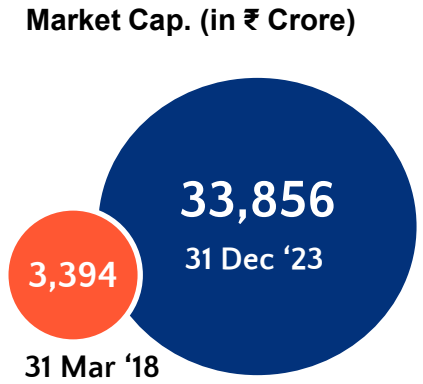
Excellence in execution

Sustained increase in return ratios, with abundant liquidity



Value creation

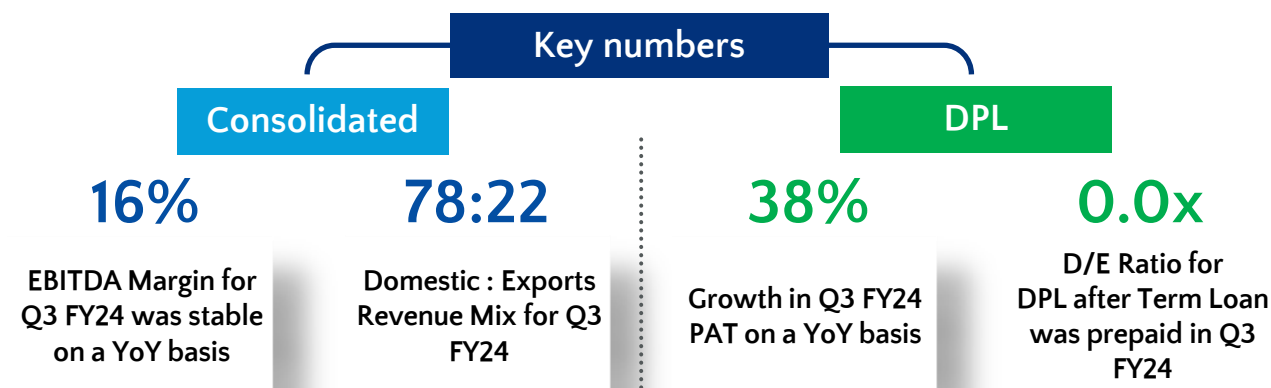
Consistently rewarded shareholders



Performance highlights – Q3 & 9M FY24 (Consolidated)



Particulars (Rs. Crore)	Q3 FY24	Q-o-Q	9M FY24	Y-o-Y
Revenue	2,023	13%	5,613	-7%
EBITDA	318	0%	879	-10%
PAT	202	-1%	557	-10%



Performance Takeaways

- The global chemical industry continued to witness adverse conditions in the third quarter. Uneven economic growth, sustained inflation and interest rates have impacted consumption trends globally leading to persistent softness in demand from certain regions as well as certain segments. Consequently, realisations of several key products have remained subdued. This has been exacerbated by destocking by Chinese Industry as well as geopolitical challenges such as continuation of Russia-Ukraine War and emergence of the Red Sea Crisis, which have led to extended voyage times and cash conversion cycles.
- Products serving end-user industries like agrochemical and textiles remain under pressure while other applications are witnessing a volume led sequential improvement.
- The Company has used its brand equity and market position to prioritise wallet share and ensure reliable supplies to its strategic relationships. Further, improving efficiencies have created de-bottlenecking opportunities enabling new benchmarks in production and output of select products. Deepak's broad product portfolio has enabled it to counterbalance soft demand in particular parts of its portfolio. Volume led growth enabled DNL to report a 13% Q-o-Q increase in topline in Q3 FY24 with headroom being created in anticipation of further improvement in the environment.
- While prices of some inputs have declined, prices of petrochemical linked inputs have remained firm due to low operating rates in refineries. The Company believes that its upstream integration and brownfield capacity expansion will be available in line with a secular demand improvement.

The next orbit – MoU signed with Government of Gujarat

Deepak Chem Tech Limited (DCTL) inks MoU worth Rs. 9,000 Cr with the Government of Gujarat on January 31, 2024; adding to the previous MoU worth Rs. 5,000 Cr as of May 23, 2023 for an aggregate of approximately Rs. 14,000 Cr

Deepak Chem Tech Limited signed –Rs. 9,000 crore MoU with Government of Gujarat to establish projects in the State of Gujarat, to manufacture 3 new products

- DCTL to invest around Rs. 9,000 crore across these projects with the aim to complete these projects by 2027
- Polycarbonate, Methyl methacrylate (MMA)/Poly Methyl methacrylate (PMMA) Resins & Compounds and Aniline to be manufactured in Gujarat by Deepak Chem Tech Limited (DCTL)
- About 1,300 direct and indirect employment opportunities will be created



~Rs. 9,000 crore
DCTL signed MoU with
Government of Gujarat

Landmark Linkage – Assured Supply of key raw materials

DEEPAK inks term sheet with PETRONET LNG

Critical Raw Material availability derisks growth trajectory announced.



- Deepak to offtake **250 KTPA of Propylene** and **11 KTPA of Hydrogen** for its expanded capacities via pipeline from Petronet LNG (Dahej)



- The arrangement spans **15 years** from the initial delivery of **Propylene** and **Hydrogen**.
- This **long-term supply agreement** provides **Deepak** with assured access to crucial feedstock for its production processes, paving the way for consistent output and operational stability. Supply through pipeline ensures reliability, cost effectiveness, safety and lower environmental impact due to nil transportation emission

Awards & Accolades



Quality Concepts (ICQCC) 2023

- Gold Trophy at International Convention on Quality Concepts (ICQCC) 2023, Beijing, China - November 2023
- Gold trophy for DNL-TCD & DPL-Dahej Teams



Quality Case Studies

- Two teams among honours at National Convention on Quality Concepts (NCQC)
- DNL(Dahej) Warriors team bagged the Excellence Trophy for their Kaizen case-presentation
- Awards given at National Convention on Quality Concepts at Nagpur – 02 January 2024



Large Enterprise

- Three Awards for Health & Safety Excellence, Waste Reduction and Green Innovation
- Trophy & Certificates of Excellence for continuous ESG positive change
- Awards given at National ESG Summit at Vadodara – December 2023



Safety Case Studies

- Seven Awards for Safety Case studies presentation at National Safety Convention
- Five Gold and Two Silver trophy awards and Certificates to Seven teams from Deepak Group
- Awards given at National Safety Convention at Bardoli, Gujarat – January 2024



Occupational Health & Safety

- Trophy award for his exemplary contributions in Occupational Health & Safety
- Award given at J&A Bharat HSE Foundation - DL Shah Trust Awards 2023 in October 2023

Update on Projects

Project Status

- Polycarbonate compounding project is taking concrete shape and is under implementation as per plan. Seeding programs for Poly Carbonate compounds already initiated since Nov 23.
- Construction work of **PhotoHalogenation and fluorination** has made significant progress; operations and commissioning teams are actively engaged for system handover, and plant commissioning is expected by end of current financial year
- For **Acid Unit**, most of the on-site construction is complete and the project is making rapid progress towards mechanical completion
- Other expansion projects including **MIBK, MIBC, Hydrogenation** among others are taking shape and will be commissioned as per plan.
- Long term contracts for RM Propylene have been signed for supply from 2027 onwards,
- Between Jan-Dec 2024, around Rs. 2,000 Cr of new investments are expected to be commissioned

BTC/BTF



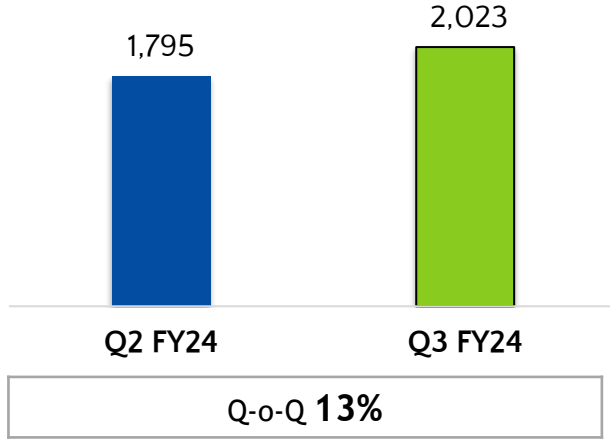
NITRIC ACID



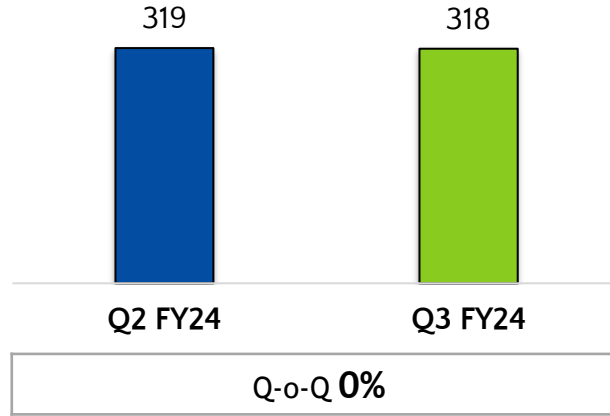
Financial Highlights

Q3 FY24

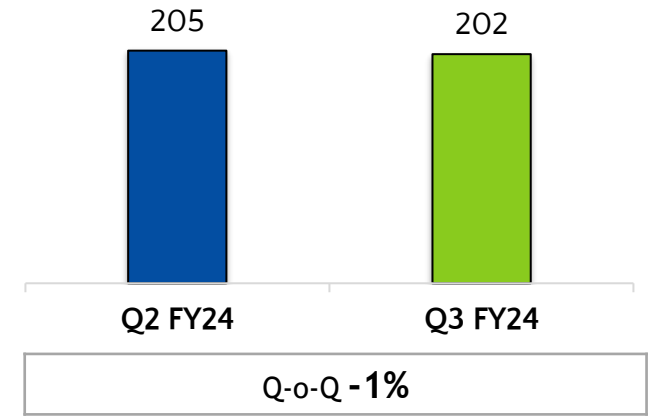
Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

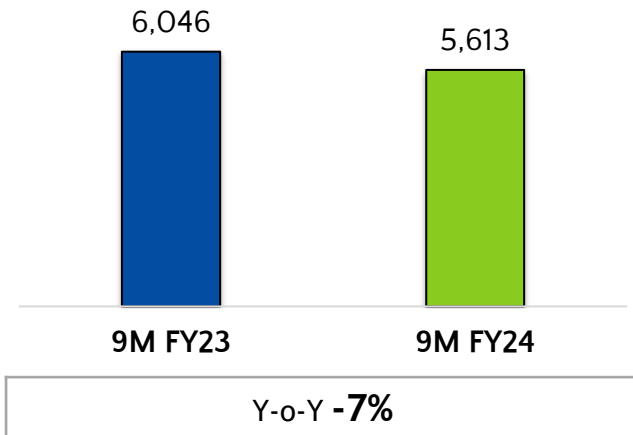


PAT (Rs. Cr.)

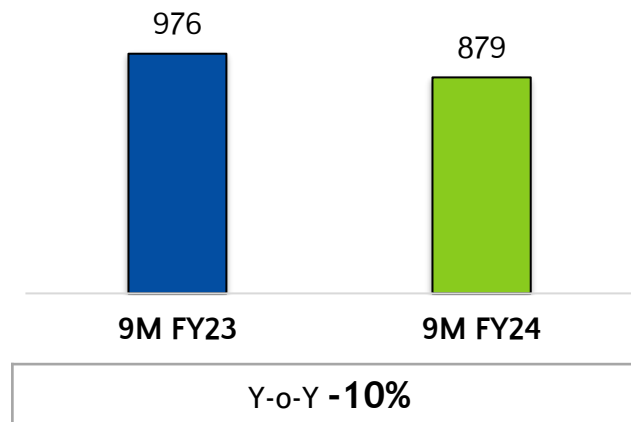


9M FY24

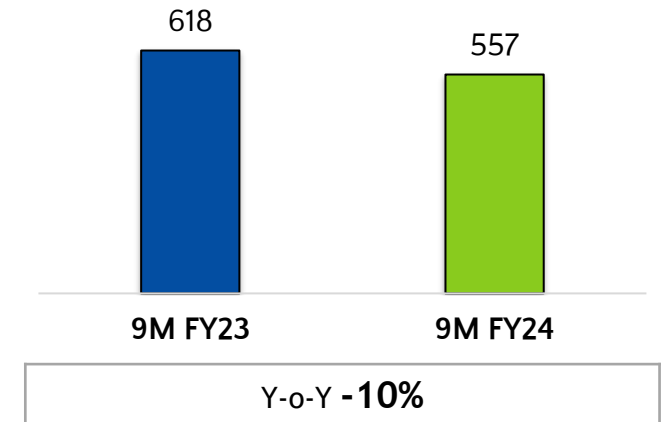
Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



PAT (Rs. Cr.)



Note: EBITDA includes other income

Q3 & 9M FY24 – Financial Highlights

REVENUE

- Revenue growth of 13% on a Q-o-Q basis in Q3FY24 was anchored by solid growth in Phenolics segment, which witnessed robust volume gains coupled with improved realisations. This was achieved by focussed initiatives to drive operating efficiency and undertake de-bottlenecking of Phenolics plant leading to record production levels
- The Advanced Intermediates segment has reported volume increase on a year-on-year basis with increased wallet share. However, realisation trends reflected the subdued demand recovery in end-use segments such as agrochemicals, textiles and dyes & pigments. End-use applications like construction, infrastructure and homecare are maintaining healthy growth visibility.

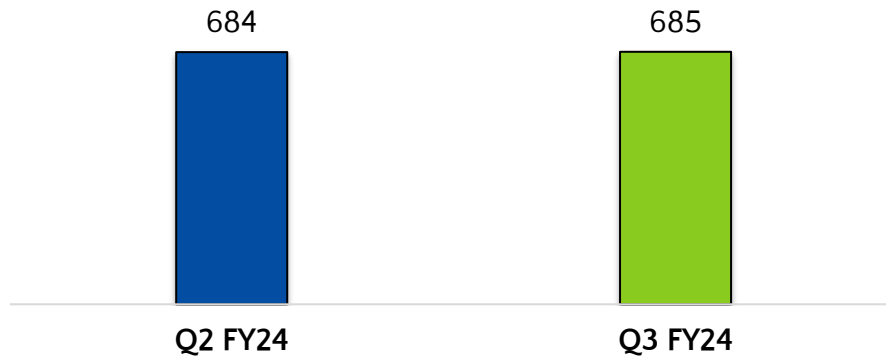
EBITDA

- Higher volumes in Phenolics, coupled with operating leverage gains and process optimisation, contributed to the performance
- The Company continues to debottleneck assets across all locations and prioritise wallet share gains.

OTHERS

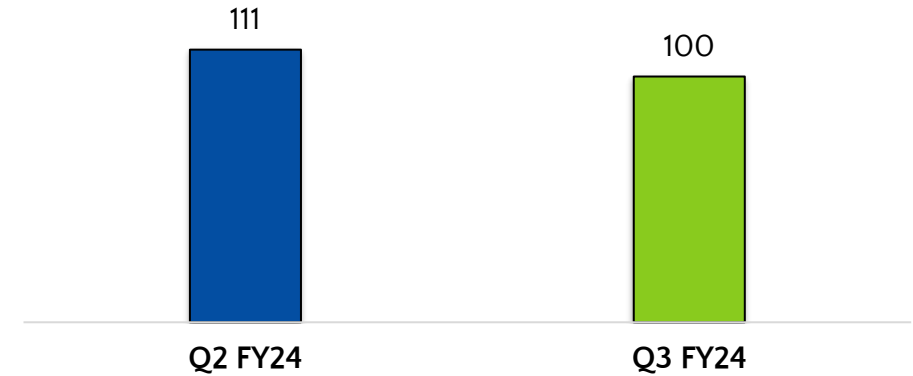
- DPL pre-paid the remaining balance of its term loan during Q3 to become debt-free. The group remains debt-free on a net basis, with total liquid investment of ₹386 crore.
- DPL has successfully implemented SAP from November 1, 2023. DCTL and DNL to follow sequentially.

Revenue (Rs. Cr.)



Q-o-Q 0% ▼

PBT (Rs. Cr.)

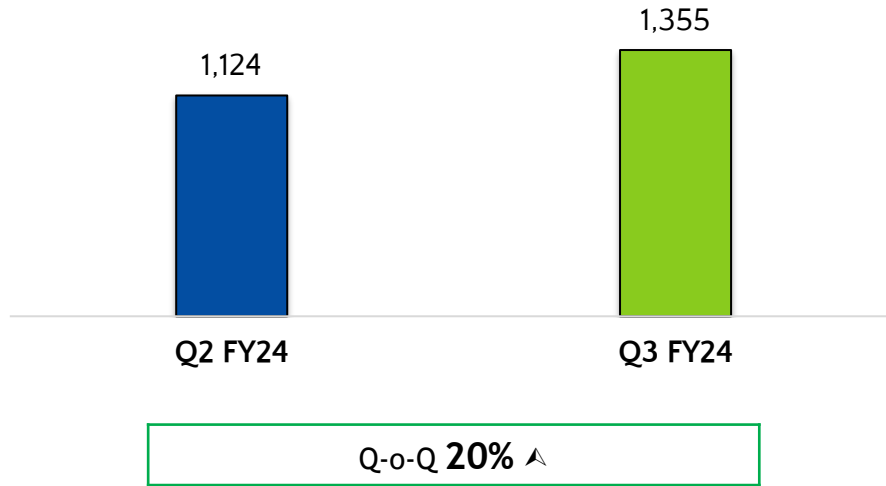


Q-o-Q -10% ▼

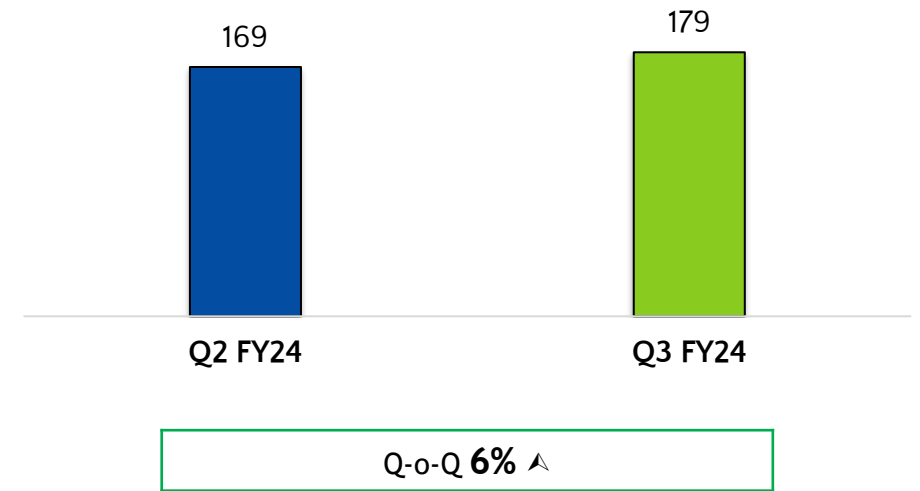
Key Highlights

- Mixed sentiment in end user industries influenced by conservative buying behaviour and resilient petchem linked raw material prices have resulted in DNL prioritizing wallet share and debottlenecking initiatives to achieve higher volumes.
- DNL has tactically shifted some resources to cater to higher demand applications until agro chem demand normalizes. This was possible due to multi-purpose plants which provide flexibility to switch between various end-use application products

Revenue (Rs. Cr.)



PBT (Rs. Cr.)



Key Highlights

- Robust performance in DPL was fueled by healthy sales volumes and better plant efficiency
- The installed advanced process control system at DPL allowed for highest ever quarterly production figures of Phenol (88,378 MT) and Cumene (121,571 MT)



Commenting on the performance for Q3 & 9M FY24, Mr. Deepak C. Mehta, Chairman & Managing Director said:

"I am happy to share that we have a concrete plan for the next five years. DNL is on a journey and it has committed itself to creating one of the most integrated chemical and petrochemical complexes in the world that would continue to open many frontiers of growth in the chemical industry. On one side while we establish global scale intermediate plants serving the continuously growing domestic market, we would take advantage of world scale building blocks of chemicals too. With the addition of knowledge intensive capabilities through our research base, we would also create a competitive and high value specialties business for the world market.

We would thus be able to benefit from both the large volumes and filling up of the demand-supply gap for intermediates in India. We will also become a port of call for Global Customers as we would be able to offer a platter of technology and advanced chemistries for the world market

The next five years would bring forward a blend of opportunities, some of which would enhance topline while others would make us more resilient by improving competitiveness and increase our value add.

In the next five years, Deepak plans to cover the entire gamut of petrochemicals and engineering polymers to specialty and performance products. In most of the projects that we are taking up we would have the first mover advantage in the Indian market.

Coming to the quarterly performance, I am happy to realise that, in spite of significant fluctuations in the world markets and challenging performance by players, both upstream and downstream, in Deepak's products, we have been able to remain stable. I believe this is important while we continue our quest towards more high growth and high margin businesses in the years to come."



Outlook

- DNL is well positioned to capitalize on the 'Make in India for the World' initiative
- Establishing capacity to encompass baseline growth as well as production migration from high cost regions
- With its formidable manufacturing infrastructure and extensive process proficiency in the realm of chemistry, DNL has assumed a pivotal role as a collaborator for major customers, both domestic and global
- Establishing value chain resilience, it is prepared to commission multiple projects in the quarters ahead. These cover:
 - Backward integration for strategic feedstock
 - Value-added downstream derivatives of existing products
 - Establishing new platforms of photochlorination, fluorination, cyanation and more.
 - Compounding assets to seed requirements of MNC Companies investing into Indian capacities
 - A world class R&D centre
 - Reduced carbon footprint by commissioning multi-fuel boilers, low energy ETP, waste recycling and mechanical byproduct valorization

Witnessing favorable manufacturing shift to India due to supportive policies, stable government, skilled manpower and high consumption driven by changing demographics; futuristic investments will bring new product chemistries in India and open new horizons of growth

Consolidated P&L Statement

Particulars (₹ crore)	Q3 FY24	Q2 FY24	Q-o-Q (%)	Q3 FY23	Y-o-Y (%)	9MFY 24	9M FY23	Y-o-Y (%)
Revenue	2,009	1,778	13%	1,991	1%	5,556	6,011	-8%
Other Income	14	17	-20%	13	1%	57	35	63%
Total Revenue	2,023	1,795	13%	2,004	1%	5,613	6,046	-7%
Total Expenditure	1,705	1,476	16%	1,676	2%	4,733	5,069	-7%
• Raw Material consumption and change in inventory	1,373	1,166	18%	1,339	3%	3762	4,069	-8%
• Employee benefits expense	89	85	5%	81	10%	258	241	7%
• Power & fuel expenses	109	118	-8%	134	-19%	344	412	-17%
• Other expenses	134	107	25%	123	9%	369	347	6%
EBITDA	318	319	0%	328	-3%	879	976	-10%
EBITDA Margin (%)	16%	18%	-206 bps	16%	63 bps	16%	16%	49 bps
Finance Costs	3	3	9%	6	-50%	7	20	-63%
Depreciation and Amortization	42	39	6%	41	1%	119	125	-5%
PBT Before Expectational Items	274	277	-1%	281	-3%	753	831	-9%
Expectational Items	0	0		0		0	0	
PBT After Expectational Items	274	277	-1%	281	-3%	753	831	-9%
Tax expense	72	72	-1%	72	-1%	195.49	213	-8%
PAT	202	205	-1%	209	-3%	557	618	-10%
PAT Margin (%)	10%	11%	-144 bps	10%	44 bps	10%	10%	30 bps
EPS Basic & Diluted (₹)	14.81	15.04		15.33		40.84	45.32	

Notes: EBITDA includes other income

Consolidated Segmental Financials – Revenue from Operations

Particulars (₹ crore)	Q3 FY24	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
Advanced Intermediates	674	670	1%	2,053	2,233	-8%
Phenolics	1,349	1,120	20%	3,537	3,801	-7%
Less - Inter segment	14	12	17%	35	23	50%
Total	2,009	1,778	13%	5,556	6,011	-8%

Consolidated Segmental Financials – EBIT & Margin

Particulars (₹ crore)	Q3 FY24	Q2 FY24	Q-o-Q (%)	9M FY24	9M FY23	Y-o-Y (%)
EBIT						
Advanced Intermediates	94	103	-9%	312	419	-25%
Phenolics	180	170	5%	438	417	5%
Others	-3	-6	NA	-10	-15	NA
EBIT %						
Advanced Intermediates	14%	15%		15%	19%	
Phenolics	13%	15%		12%	11%	

Deepak Nitrite Limited (NSE: DEEPAKNTR, BSE: 506401) is a leading chemical intermediates producer with a diversified portfolio that caters to the dyes and pigments, agrochemical, pharmaceutical, plastics, textiles, paper and home and personal care segments and petrol derivatives intermediates - phenolics, acetone and IPA in India and overseas. Its products are manufactured across 6 locations, which are all accredited by Responsible Care.

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